



Winter, 99-00

THE BEAR FACTS

Citizens' Utility Board of Oregon...because the utilities bear watching

CUB Stops Trojan Rip-off Bad Bill Must Now Go Before Voters

Victory! CUB members stopped House Bill 3220 from becoming law after a grueling 90-day campaign.

HB 3220 was passed by the Oregon Legislature last summer. It gave \$304 million in profits to Portland General Electric (PGE) — profits it was supposed to make if it hadn't shut down Trojan nuclear power plant in 1992.

Last year, in a case brought by CUB, an Oregon appeals court ruled that utilities may not collect a profit on out-of-service equipment. (That case is now before the state Supreme Court.) PGE got the law changed with HB 3220. CUB fought the new bill -- not only because of PGE and Trojan, but because



Bob Jenks announces success of referendum drive at news conference on the steps of the capitol in Salem. AARP activist Marie Glascock and CUB members Phil Dreyer and George Starr look on.

HB 3220 opened the door for utilities all over the state to imitate the rip-off.

The only way to stop HB 3220, once the

Legislature passed it, was to refer it to the ballot. To do that, CUB had to attempt the improbable: gather

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US West Wants Weaker Service Quality Standards

When lawmakers debated whether or not to pass Senate Bill 622 -- a bill written largely by US West and opposed by CUB -- they promised that it would not weaken service quality standards. Representative Jim Hill (R-Hillsboro), who carried the bill, claimed on the House floor that the bill imposed "the toughest

service quality standards in the nation." He also said that under SB 622, US West would "have to focus on improving their service quality standards."

Representative Ryan Deckert (D-Beaverton) concurred, saying that it "stiffened" service quality

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Breaking News

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From the Executive Director

Dear CUB Members,

Fifteen years ago, thousands of people all across Oregon gathered signatures to form CUB. Once the measure was on the ballot, they were outspent 40 to 1 by utilities, who claimed that CUB was a "boondoggle."

The measure passed, and CUB was created on November 6th, 1984. Since then, CUB has saved utility consumers over a billion dollars in rate reductions and refunds.

It's fitting, then, that as we begin to celebrate CUB's 15th anniversary year, we're also celebrating the success of another grassroots campaign -- to refer House Bill 3220 to the voters.

Once again, we succeeded for one reason only: you. This was a grassroots campaign from start to finish. Over 2,300 people gathered signatures from every county in the state. Because of you, we did the impossible in only 90 days. On November 1st, we were notified that HB 3220 would be on the ballot next year as Measure 90.

So thank you.

And that's a "thank-you" to every member, not just those who gathered signatures or sent money.

I gathered nearly 1,100 signatures myself, mostly on my own time. When things got slow, or when it looked like we weren't going to make it, it helped to know that there were 6,500 CUB members out there cheering me on.

Thank you -- and here's to another great 15 years!

Bob Jenks
Executive Director & CUB Member

P.S. Congratulations to Board members Joan Cote and Laura Culberson, who were both re-elected to their seats.

THE BEAR FACTS^{is}

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CUB is:

- a non-profit organization established by Oregon voters to advocate on behalf of Oregon's utility ratepayers.
- governed by a Board of Governors from throughout Oregon, elected by Congressional District.
- a member of the National Association of State Utility Consumer Advocates (NASUCA) and the Consumer Federation of America (CFA).

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US West: More Bad Service Ahead?

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fines.

Pretty clear, right?

So imagine our surprise when US West, in comments before the Public Utility Commission (PUC), claimed that SB 622 requires that service quality standards be *weakened*. Considering that US West's service record is one of the worst of any phone company in the nation, how's that for gall?

As things stand now, Oregon has a strong set of service quality standards that all phone companies have to meet. (US West has continually failed to meet them.) SB 622 sets up an alternative form of regulation under which a telecommunications company like US West can operate instead, with another, weaker set of service quality standards, including automatic fines for some violations.

Lawmakers who sought support for SB 622 last spring argued that those standards would operate in addition to the normal service quality standards that apply to every other phone company. US West, however, now argues that if it's going to take on additional service quality standards, then the normal

standards must be weaker than the additional standards, whether or not a company is operating under the new, alternative form of regulation.

"Basically, the company is using this as an opportunity to change the rules," explains Bob Jenks, CUB's Executive Director. "It wants to lower the bar so it won't get fined and won't have to invest in service improvements."

What can CUB members do? Call your legislators. If they voted for SB 622, tell them that US West is making them look bad. To find out how your legislator voted, check the Fall, 1999 issue of *The Bear Facts*, available on our website at www.oregoncub.org/site_index.shtml. Or you can contact CUB directly to request a copy of the vote chart. See the enclosed insert for more information.

"I hate to say 'I told you so,'" said Jenks. "But legislators need to hear that US West has taken them in."

Your US West Refund

US West wants to give you a refund of about \$100 -- and CUB is against it.

Why? Because US West really owes each residential customer around \$200, as a result of a Public Utility Commission (PUC) decision in 1997.

Of course, US West doesn't *want* to give you the money. CUB's been fighting the company in court since 1996 to make sure customers get their refund. But a settlement negotiated between US West and the PUC staff cut the refund in half. While it's not uncommon for

refunds to be reduced in negotiations, this kind of cut is groundless. (CUB members may recall that the original purpose of SB 622 [then SB 142] was to slash the refund.)

Adding insult to injury, US West now claims that until the refund deal is final, it can't hand over the \$120 million it was supposed to give to schools and other projects as a part of Senate Bill 622.

A key part of the legislative compromise over SB 622 was to eliminate any connection between the bill and the disputed refund. So much for compromises.

Trojan: CUB Stops Law

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nearly 45,000 signatures in only 90 days.

But CUB did it. Over 2,300 people joined together to collect the thousands of signatures needed to win. By asking friends, family, neighbors, and co-workers, activists gathered a whopping 69,000 signatures from every county in the state to stop HB 3220!

On November 1st, the Oregon Secretary of State announced that the bill would appear on the November 2000 ballot as Measure 90.

CUB's allies in the campaign included OSPIRG, the Alliance for Democracy, the Utility Reform Project, AARP, Oregon Peaceworks, the Don't Waste Oregon Caucus, and several other groups. The coalition is already laying the groundwork for a campaign to Vote No on 90 a year from now.

"We'll be outspent," said Bob Jenks, CUB's Executive Director. "But CUB members will carry the day."

CUB Thanks Its Loyal Members

CUB receives **no** state funding and depends on its members for 80% of its operating budget. Space doesn't permit us to list all those who contributed between September 8, 1999 and November 9, 1999, but we would like to single out the following members for special recognition:

Extraordinary Service to the CUB Educational Fund

Daniel W. Meek

Circle of Friends (monthly donations)

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Keep CUB Prowling



If you have provided for CUB in your estate plans, please let us know. If not, let us show you how. Write Bob Jenks, Executive Director, CUB, 921 SW Morrison, #511, Portland, OR 97205, or call (503) 227-1984.

Your gifts ensure that CUB will always be around to fight for what you believe in.

Pacific Power Proposes 18.7% Rate Hike

Makes Announcement Mere Weeks After Merger

It's only been a few weeks since the Oregon Public Utility Commission (PUC) approved Pacific Power's (PacifiCorp) request to merge with ScottishPower. But on November 5th, PacifiCorp filed for an 18.7% rate increase for residential customers. If approved, it would be the largest hike in residential rates made by an Oregon power company in the past decade.

PacifiCorp already charges more for electricity than any other major utility in the Pacific Northwest. At 6.15 cents per kilowatt-hour (kWh), the company leads the pack. The Oregon average is 5.56 cents/kWh, yet ScottishPower wants to raise PacifiCorp's rates 13% this year, to 6.95 cents/kWh. It's also asking the PUC to pre-approve an additional 5.7% jump to 7.3 cents/kWh in 2001. Altogether, that adds up to a whopping price hike of almost 19%. Meanwhile, the rate hike for industrial

customers is about 2.7%.

The price increase is

intended to improve PacifiCorp's earnings. 1998 was possibly the worst year that PacifiCorp has had. "The problem isn't that they're undercharging," said CUB Energy Program Director, Jason Eisdorfer. "It's poor management."

The filing comes as something of a surprise, since ScottishPower claimed in merger negotiations that it could not discuss what it would do with PacifiCorp's rates until 6 months after the merger. It said it would need the time to install its own personnel and analyze PacifiCorp's costs. At the end of the 6 months, it was going to produce a transition plan that would map out the effect of the merger on rates. Yet now, only weeks after the merger, the company is asking to hike rates.

More importantly, the company's request flagrantly violates a previous agreement between PacifiCorp and its customers — rate case UE 94. UE 94 expressly states that PacifiCorp cannot raise the price it charges to distribute its electricity more than 2% a

year, and no more than 5% between 1998 and 2001. It's now asking the PUC to approve an increase of over \$90 million dollars, or 48%.

In addition, UE 94 prohibits the company from raising the "basic" residential customer charge from \$6.15 per month to \$7.50 per month. Yet the company is proposing to do just that.

"It makes ScottishPower look bad," said Eisdorfer. "The company's new here, and the first thing it says to Oregon ratepayers is that we must pay 18% more."

Why is this happening? British regulators are forcing ScottishPower to cut rates — and its earnings — in the United Kingdom.



Jason Eisdorfer, CUB Energy Program Director

Some speculate that ScottishPower wants its American customers to make up its losses.

"They can forget it," says Eisdorfer. "This proposal is absurd on its face, and it simply won't happen."

Enron Sells PGE

As we went to press, Portland General Electric (PGE) announced that Sierra Pacific, a Nevada utility, had offered to buy it for \$3.1 billion. If the Public Utility Commission approves the merger, it would end Enron's turbulent 3-year ownership of PGE.

CUB will proceed cautiously: the result must be good for consumers. Check our website at www.oregoncub.org for future developments.

Straight Talk from CUB on Y2K: Be Prepared

Most of us have heard by now about the Year 2000 (Y2K) bug. When computer memory was scarce, one way that programmers saved space was to express dates in 6 digits (e.g., 11/06/99). Unfortunately, when the year 2000 arrives, computers using 6-digit date codes won't know the difference between the year 2000 and 1900. Since computers and microchips are now universal, and many depend on date-sensitive programming, even minor glitches could have unpredictable results.

Y2K & Oregon Utilities

Will the phone work?
Will the heat come on?

All major utilities in Oregon -- telephone and electricity -- are Y2K compliant. However, even though they have tested their systems, they

are preparing for problems. Utilities have asked many employees not to take vacations and to be prepared.

Similarly, CUB recommends that you be prepared as well.

Just in Case

If Oregon's major power utilities are Y2K compliant, what could go wrong? Here's what could happen:

January 1, 2000 is smack in the middle of winter. An arctic chill in the Northwest could drive power usage to peak levels. A Y2K problem anywhere in the Western electric grid -- not necessarily in Oregon -- that shuts down a power plant would mean there wouldn't be enough power to meet peak demand. Brownouts and blackouts of short duration could occur.

The Human Factor

Even if the utilities escape trouble with computer code and with the weather, they have another problem. Computer hackers may choose January 1, 2000 as an opportunity to wreak havoc on electric or

telecommunications systems because their sabotage may be blamed on Y2K code, not people.

The Good News

If the power or phone goes out -- or if both do -- service should be restored relatively quickly.

What You Can Do

Prepare as you would for a storm:

Have flashlights and plenty of spare batteries. If you must use candles, be careful.

Have extra blankets. Most gas furnaces don't work without electricity. If you have a fireplace, stock up on firewood.

Keep a battery operated radio and/or TV handy.

If the power does go out, avoid opening and closing your refrigerator. It will remain cold, but only for a few hours. (If the weather is cold enough, you can keep some food items cold by placing them outside.)

If you have a portable generator, don't plug it into the house's electrical system.

Use the phone only for emergencies. Don't call 911 to "test the system."

Most importantly: DON'T PANIC. Crews will be working to end any outages that may occur.

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